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Report Highlights:

Basmati prices rule lower, seen dropping more, *Study to assess impact of climate change on rice cultivation*, *Mills can have custom grown wheat from down under*, *Indian mangoes may enter Australia next summer*, *Oilmeal exports up during first half of the current fiscal year*.

Includes PSD Changes: No
Includes Trade Matrix: No
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Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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BASMATI PRICES RULE LOWER, SEEN DROPPING MORE

Farmers who had enthusiastically planted and expanded acreage under basmati rice this year have to reconcile themselves to lower profits. Prices of Pusa Basmati -1 paddy – the harvesting of which has commenced – are currently averaging around Rs. 1,800 a quintal (\$375 per ton). The corresponding opening rates at this time last year were about Rs. 100 per quintal higher. There is a similar decline being reported in other aromatic long-grain varieties not technically basmati, such as Sharbati and Sugandha. What is worse, prices are expected to dip even more in the days to come. One reason for this is the projection of a bumper crop, the harvesting of which will peak from the middle of November. According to a field survey and satellite data-based study by the Agricultural Processed Food Products Export Development Authority (APEDA), nearly 951,000 hectares was sown under basmati this year, which includes 316,000 under traditional cultivars, 550,000 hectares under Pusa Basmati – 1, and 80,000 hectares under 'Super'. In addition, farmers have planted a record 678,000 hectares under Pusa-1121, a variety that until recently was commanding a premium over basmati despite not being notified as basmati. That takes total area under basmati (including Pusa-1121) to well over 1.6 million hectares, unprecedented for any year. Besides increased production, demand side pressure and competition from Pakistan are also being cited as factors behind lower prices this year. (Source: Business Line, 10/08/08)

STUDY TO ASSESS IMPACT OF CLIMATE CHANGE ON RICE CULTIVATION

The impact of climate change on rice cultivation, and rice yields, is being researched by the Tamil Nadu Agricultural University (TNAU) and two international institutions. Studies indicate that a four degree increase in temperature will reduce rice yields by ten percent. The research, carried out under the project 'Clima Rice,' is aimed at developing technologies to sustain production, in the face of climate change. TNAU Vice Chancellor C. Ramasamy said the project has reached the stage of experiment in the field, and the University was keen on coming out with solutions to withstand the impact of climate change on rice cultivation. The study, done in collaboration with the Norwegian Institute for Agricultural and Environment Research and the International Pacific Research center, Hawaii, would take into account the climatic conditions in India and Tamil Nadu, besides various agronomic problems, so that new varieties that might sustain the impact of climate change could be found. The government of Norway is supporting the research. (Source: The Hindu, 10/08/08)

MILLS CAN HAVE CUSTOM GROWN WHEAT FROM DOWN UNDER

With Australia ending the monopoly of AWB Ltd. from July 1 this year, Indian roller flour mills can now custom grow wheat in Australia. "Indian importers can specifically have wheat grown by Australian farmers according to their needs. They can even enter into contract farming, grow it in Australia and get it to India. The contract can even be long-term," said Mr. Russell Phillips, General Manager (Crops and Productivity) at the Department of Agriculture, Fisheries and Forestry. "We hope Indian buyers will take advantage of it," he added. Though Australia doesn't see India importing much wheat in the immediate future

given its record production this year and ample stocks, it expects India to be a net importer in the longer term. (Source: Business Line, 10/07/08)

INDIAN MANGOES MAY ENTER AUSTRALIA NEXT SUMMER

Indian mangoes are likely to hit Australian shores next summer if both nations come to an agreement on the regulations for import Down Under. According to Mr. David Ingham, Counselor (Agriculture), Australian High Commission in India, the Department of Agriculture in India is preparing a document on the agreement to export mangoes. On August 18, Australia's 'Final Import Risk Analysis Report for Fresh Mango Fruit from India' recommended that Indian mangoes be permitted entry subject to certain quarantine conditions. These conditions are expected to be finalized after the documentation. On the other hand, Australia is hoping that India will begin to import its dairy products during the same time its mangoes hit the shores Down Under. Australia is also trying to get India to approve fumigation of pulses with methyl bromide after they reach Indian shores. "The Indian authorities allow the fumigation for Canada. But Australia and other countries are not allowed the facility. We are discussing this also," he said. (Source: Business Line, 10/07/08)

OILMEAL EXPORTS UP DURING FIRST HALF OF THE CURRENT FISCAL YEAR

Overall exports of oilmeal during the first half (April-September) of the current financial year (FY2008-09) have increased to 2.5 million tons from 1.4 million tons during same period last year, up by 72%, due to an increase in the export of soybean meal, rapeseed meal and peanut meal, according to data compiled by the Solvent Extractors' Association of India (SEA). However, exports of oilmeal for the month of September reduced to 188,000 tons from 362,000 tons in September 2007 and 425,000 tons in August 2008. Soya meal exports during the first half of the FY 2008-09 increased from 777,000 tons to 1.7 million tons, rapeseed meal exports went up from 394,000 tons to 604,000 ton and peanut meal increased from 12,275 tons to 27,033 tons. However, the export of other oil meals such as rice-bran extraction and castor seed extraction have decreased in first half of the financial year of 2008-09. (Source: Financial Express, 10/08/08)

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